

## President Signs Mahoney's Legislation to Stop Frivolous Lawsuits

(Washington, D.C.) - Today, the President signed the Credit and Debit Card Receipt Clarification Act into law, authored by Congressman Tim Mahoney (FL-16). The bill would amend the Fair and Accurate Credit Transaction Act (FACTA) to ensure that it is not abused by frivolous class-action lawsuits against businesses. Mahoney's legislation also preserves consumers' right to sue for negligence resulting in identity theft or credit card account fraud.

### Congressman's FACTA Reform Bill Becomes Law

(June 3, 2008)

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"There are nearly a thousand businesses that breathed a sigh of relief today. I want to thank my colleagues in the House and Senate for helping me to get this bipartisan, common sense legislation signed into law," said Congressman Mahoney. "With a tough economy in Florida and across America, the last thing businesses need are multi-million dollar lawsuits that could force them into bankruptcy, leading to even more lost jobs. The legislation I created will protect consumers while ensuring that the law is not abused."

In 2003, Congress passed FACTA to improve and strengthen provisions against identity theft. One of the key provisions in this bill requires businesses to limit the amount of information printed on receipts, holding that "[N]o person that accepts credit cards or debit cards for the transaction of business shall print more than the last 5 digits of the card number OR the expiration date upon any receipt..." To comply with the new law, businesses began truncating the credit and debit card number printed on receipts down to the appropriate number of digits. Shortly thereafter, however, hundreds of lawsuits were filed against these businesses alleging that the failure to both truncate the card number and redact the expiration date on a receipt was a willful violation of the law. Because FACTA was incorporated into the Fair Credit Reporting Act (FCRA), the statutory damages provisions of the law (between \$100 and \$1000 per transaction) meant that a company that had printed a million transactions was facing a minimum of \$100 million and as much as \$1 billion in damages. These lawsuits could force companies into bankruptcy, resulting in lost jobs.

"I appreciate Congressman Mahoney's willingness to take action and address the concerns of small businesses," said Arthur Cullen, owner of Havana Harry's. "Without this legislation, I would be facing lawsuits that could put my business into bankruptcy and my 75 employees would be out of work."

H.R. 4008, the Credit and Debit Receipt Clarification Act, addresses the unintended consequences of FACTA and makes clear that if a company truncated a consumer's credit card number, but did not remove the expiration date, then the company did not willfully violate FACTA and cannot be sued for statutory damages. It is important to note that there is no evidence that the failure to redact an expiration date has ever resulted in a consumer being harmed and not one of the lawsuits currently filed alleges any actual harm to an individual's account or identity. The technical correction, however, would preserve a consumer's right to sue for negligence in the event someone experiences actual harm or account fraud as a result of having their expiration date printed on their receipt.

"It's clear that Congressman Mahoney understands business and knows what's important to get our economy back on track," said R. Bruce Josten, Executive Vice President, Government Affairs, US Chamber of Commerce. "Mahoney has been an effective ally for the business community since he took office."

Since taking office, Congressman Mahoney's work on behalf of American businesses includes:

H.R. 1929, the Save the Family Farm and Ranch Act of 2007. Mahoney introduced this legislation with Congressman Salazar, which would defer payment of the estate tax on family farms as long as the land is used for agricultural or conservation purposes. The bill would apply to those who receive over 50 percent of their gross income from that farm or ranch operation. Using the IRS's definition of farmland, this bill will help those true farmers and ranchers, and not passive investors and "gentlemen farmers."

H.R. 4351, the AMT Relief Act of 2007. Mahoney supported this legislation, which provided immediate tax relief to millions of families who would otherwise pay higher taxes under the AMT this year. The bill would extend for one year AMT relief for nonrefundable personal credits and increase the AMT exemption amount to \$66,250 for joint filers and \$44,350 for single filers. In addition, the bill increases the eligibility for the refundable child tax credit in 2008 by lowering the income floor for qualification to \$8,500.

H.R. 2206, Small Business and Work Opportunity Act of 2007. Mahoney supported this legislation, which provides tax incentives for small businesses. It also allows accelerated depreciation of qualified leasehold and restaurant improvement property along with qualified retail improvement property.

H. R. 60, Permanent Sales Tax Deduction Act. Mahoney co-sponsored this legislation, which would amend the Internal Revenue Code to make permanent the deduction of State and local general sales taxes.

H.R. 2138, Investment in America Act of 2007. Mahoney co-sponsored this legislation, which would amend the Internal Revenue Code to: (1) increase from 12 to 20% the rate of the alternative simplified tax credit for research expenses; (2) make permanent the tax credit for increasing research activities; and (3) repeal the alternative incremental tax credit for research expenses.

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